

BUSINESS ENERGY CONSERVATION INCENTIVE PROGRAM

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West
Los Angeles Public Works
Energy Conservation Division

May, 1985

BUSINESS ENERGY CONSERVATION
INCENTIVE PROGRAM (BECIP)

The level of BECIP funding has increased in 1985/86 in two important ways:

1. The maximum BECIP contribution is increased from \$5,000 to \$10,000 per business, and
2. BECIP will cost share on a 50:50 basis any implemented recommendations of a recognized energy audit. (Clients are no longer required to pay the equivalent of the first year energy savings of work implemented.)

For further information about BECIP, contact:

Energy Conservation Division,
Department of Public Works
and Highways,
Government of the N.W.T.,
5th Floor, YK Centre,
Yellowknife, N.W.T.
X1A 2L9
(403)873-7203

BUSINESS ENERGY CONSERVATION INCENTIVE PROGRAM

Reducing energy consumption: Enhancing profitability

Summary of a profit-making scenario...

- You are operating a private sector company with a significant energy overhead.
- There is room for improvement to your energy systems that would result in decreased overhead and ultimately enhanced profitability.
- However, the cost of undertaking such a project is high. The payback period is greater than three years and less than eight years.
- You learn about the Business Energy Conservation Investment Program and discover that:

BECIP can help with the financing

- BECIP assistance is available to a wide range of industrial and service sectors.
- BECIP contributes approximately 50 per cent of the eligible capitalized costs for improvements to existing buildings, building systems, industrial or manufacturing operations that result in decreased energy consumption.
- Free energy audits through the Canada Energy Audit Program (CEAP) help determine where improvements are feasible.
- You investigate further and decide to take action that will improve your profitability.

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PROGRAM DESCRIPTION

The Business Energy Conservation Incentive Program (BECIP) is designed for the purpose of encouraging energy conservation by the private/commercial sector in the NWT. This program has a total of \$140,000 available to March 31, 1985, for incentives for energy conservation projects.

Under the program, eligible projects may include improvements or modifications to existing:

- buildings,
- building systems,
- industrial processes, or
- manufacturing operations

that will result in decreased energy consumption while maintaining or increasing fuel efficiency. Cogeneration projects are also eligible.

The objective of the program is to support energy conservation projects which would not proceed without financial assistance. Eligible projects must have a payback period, based on eligible capitalized costs and energy savings, of more than three years and fewer than eight years.

Successful applicants will pay the equivalent of their first year projected energy savings (for approved work) and the balance of the costs will be shared evenly (50:50) between the applicant and BECIP, up to a maximum of \$5,000 from BECIP. Applications will be dealt with on a first come/first served basis. When the annual amount of funding approved for BECIP is consumed, no further applications will be considered.

Eligible applicants are not limited as to the number of projects receiving support during the life of the program.

ELIGIBILITY CRITERIA

Eligible Companies and Institutions

The program is available to privately owned industrial and commercial firms or organizations. A business is defined as any organization which holds a business license, is primarily engaged in business for profit, and is so structured, incorporated and registered with the Deputy Registrar of Companies, Government of the N.W.T. Firms or organizations which are federally, territorially or municipally owned, are not eligible.

The facilities involved must be in the NWT and must have been in existence prior to March 31, 1984. The facility must have received a recognized energy audit, setting forth recommended changes and the projected simple cost-effectiveness of such measures.

Eligible Projects

Eligible energy conservation projects include:

- upgrading buildings and/or systems to conserve energy which may include, but is not limited to, insulating, lighting, ventilating, air conditioning or energy management devices,
- retrofitting heating systems to conserve energy,
- waste heat recovery,
- cogeneration, and
- changes in industrial processes or manufacturing operations implemented primarily to conserve energy.

The project to be implemented must be based on proven technology. In addition, the project must conform to all relevant municipal, territorial and federal codes and regulations including those related to environmental matters.

Prior Commitment

BECIP funding cannot be offered for any prior commitment by the applicant to purchase or install eligible materials, equipment or services, whether or not the commitment remains in force, before the date on which an application is officially received by GNWT.

Leased Facilities/Equipment

Modifications to leased premises or equipment are eligible providing the applicant has a valid lease for at least two years immediately following project completion. In the case of leased premises, the property owner must meet eligibility criteria. The applicant must obtain the lessor's written permission to proceed with the project.

If the lease places an inflexible burden for utility costs on the tenant, the payback period for approved work must exceed the term (duration) of the lease, to promote the benefit of improvements reaching the tenant.

Eligible Costs

Only capitalized costs¹ incurred by the applicant for materials, labour, supplies, equipment or freight required in the construction of the projects are eligible under BECIP. These include:

- fees paid to contractors engaged by the applicant, and
- project management costs incurred after project approval.

Maintenance expenses, land costs, interest charges, other carrying charges, and those costs incurred with respect to feasibility studies and design studies are ineligible.

¹ **Capitalized costs** means the sum of Capital Expenditures as defined in *Terminology for Accountants* published by the Canadian Institute of Chartered Accountants.

PROGRAM PROCEDURES

Energy Information

Before applying to BECIP, the applicant must have energy usage information available for the preceding twelve months of operation as well as estimated energy savings and other savings or costs that will be a direct result of the proposed project.

The Canada Energy Audit Program (CEAP), funded by Energy, Mines and Resources Canada, provides an energy audit service free of charge to industrial and commercial organizations. This service identifies the energy consumption patterns of the facility and pinpoints areas of potential energy savings. Further information on CEAP may be obtained from the following office:

Conservation and Renewable Energy Office,
Energy, Mines and Resources Canada,
Box 68,
Yellowknife, N.W.T.
X1A 2N1
(403)920-8475

Energy audits may also be obtained from engineering consultants but at the expense of the applicant. In most cases, the CEAP audit will be sufficient to allow application to BECIP. For more complex cases, the project may require additional studies and design before it can be considered ready for implementation and these must be completed prior to making an application to BECIP. Consulting assistance grants are also available under CEAP for these requirements.

The applicant may use in-house staff to prepare an audit and calculate energy savings providing the work is carried out under the direction of a professional engineer. Energy savings estimates must relate directly to the project defined in the application.

Registration

To register you must complete an application form which is available from the Energy Conservation Division, Department of Public Works, Government of the Northwest Territories, Yellowknife.

Applications received are reviewed to verify if they contain all necessary information. The applicant is then informed in writing either that the application has been officially registered or that additional information is required. Projects started before submitting applications will not be eligible for a BECIP funding.

Evaluation

A thorough evaluation of the application is made based on the eligibility criteria of the program. Providing the basic eligibility requirements are met, the evaluation takes into consideration such factors as the following:

- technical viability of the project,
- accuracy and adequacy of the energy savings estimates,
- financial viability of the applicant, and
- project payback period.

If the project payback period is greater than three years and less than eight years, and the project meets all other eligibility criteria, an offer will be made which will identify the terms and amount of funding offered.

On the application, all information on other government assistance relating to the project must be provided. Where applicable other government assistance may be taken into consideration in the calculation of the BECIP offer.

Contribution Agreement

Once the evaluation is completed and approved, the applicant is sent a proposed funding agreement which includes the amount, the project commencement date and the project completion date. In addition, the proposed agreement will outline the proposed project, the estimated eligible capital cost, and all other terms and conditions.

A proposed funding agreement must be accepted within forty-five (45) days unless reasons can be given by the applicant for this deadline to be extended.

Payment

Payment is made after the project completion date. Within forty-five (45) days of the project completion date the applicant must submit a payment claim together with the inspection report and sufficient documentation (for example copies of paid invoices) to demonstrate completion of the project and to verify eligible capitalized costs.

Program Follow-Up

An applicant is required to submit an annual energy usage report for the twelve month period following completion of the project.

ADDITIONAL INFORMATION

For further information regarding BECIP or an application form, contact:

Energy Conservation Division,
Department of Public Works,
Government of the Northwest Territories,
Yellowknife, N.W.T.

X1A 2L9

(403)873-7203

Date Due

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